Housing Privatization Acquisition Process

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An Air Force Family

Our Goal…

Provide a desirable community where military families will choose to live

- **Quality affordable homes**
- **A safe environment**
- **Well maintained housing**

… How do we achieve this?

Building a Military Community

continued

Housing Privatization "Real Estate Deal"

- **Military community with a Private Landlord**
- **Rent = Service members housing allowance – 110% utilities**
- **Developer responds to residents' request**

… A business relationship

The Business of Housing Privatization

What we can offer you…

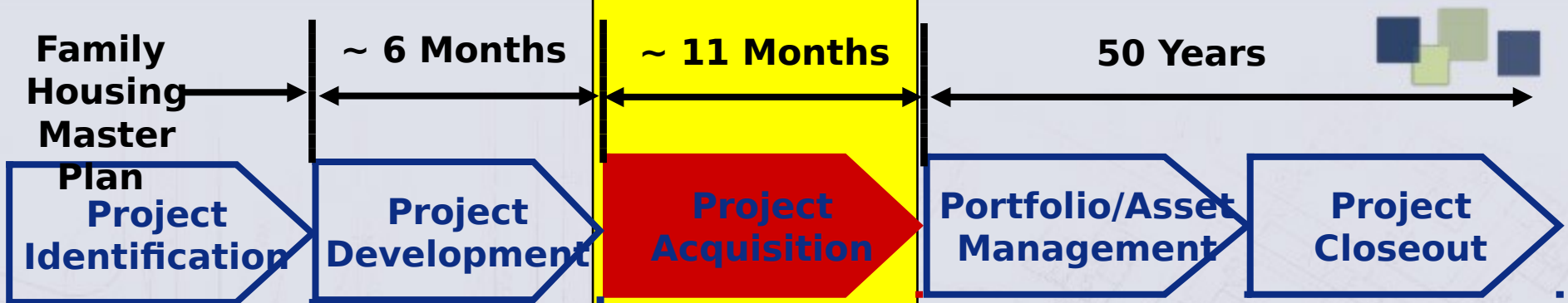
- **Land and Location, Location, Location**
- **Proven income stream**
- **Reliable military tenants – rent through allotments**
- **Existing housing units, facilities, and improvements**
- **Gap Financing – Government Direct Loan**

What you can do for us …

- **Plan, design, and develop a military community**
- **Renovate, demolish, construct quality homes**
- **Own, operate, maintain, and manage rental housing development throughout the *50-year agreement***

Project Life Cycle

Housing Privatization Phases



Description

Initial Concept Development

Activities

Family Housing Master Plan

Project Kick Off

Description

Define Project Requirements

Activities

Concept, Environmental, Boundary Survey, Request for Proposal

The Requirement

Description

Project Solicitation and Evaluation

Activities

Industry Forum

Evaluate and Select Developer

Close Deal

Transition Assets

Description

Oversight of Privatized Housing

Activities

Construction Oversight

Financial Oversight

Budgeting

Management Review Committee

Description

End of Privatization deal

Activities

Disposition of Assets

Requirements

- **Housing Requirement Market Analysis**
- **Housing Community Profile**
- **Family Housing Master Plan**
  - **Determines privatization potential and provides *government loan* projections**

… Does it meet our financial criteria for privatization?

Requirements

Financial Criteria for Privatization

Wright-Patterson Family Housing

Financial Criteria:

- 3:1 Leverage
- Max of 80% Gov Participation
- Government Loan < Private Loan
- Privatization lifecycle < Military Construction

Lackland Family Housing

…Financial models are developed by our Privatization Support Contractors

Privatization Support Contractors (PSCs)

Why we hire Privatization Support Contractors…

- **Credibility & understanding of the market place**
- **The Air Force has limited resources & experience in real estate**
  - **No specialized manpower**
  - **Not a core business practice**

…What is their primary responsibility?

Privatization Support Contractors

Privatization Support Contractors are Force Multipliers…

- **Match requirements with real estate market**
- **Model financial concepts**
- **Development of concept and request for proposal**
- **Market privatization initiatives**
- **Streamline the selection process**
- **Present assessment of offerors**
- **Close real estate transactions**

… Who are they?

Project Lifecycle
Privatization Support Contractors

PSC	Location
Basile Baumann Prost (BBP) & Associates	Annapolis, MD
Ernst & Young (E&Y)	Washington DC
Jones Lang LaSalle (JLL)	Washington DC
Kormendi \ Gardner Partners (KGP)	Washington DC
PSC Military Housing Company (PSC-MHC)	Salt Lake City, UT

…Facilitators during the Project Development Workshops

Project Development Workshop

continued

Workshop Objectives …

- **Due Diligence and Validation**
- **Research Housing Options**
- **Financial Analysis**
- **Community Interface**
- **Metes & Bounds, Environmental Baseline Study, Environmental Assessment**

…Goal is to develop the Concept and Request for Proposal

Concept Development

What we consider when developing the Concept…

- **Number of housing units and condition**
- **Financial viability**
- **Available land for construction**
- **Facilities to convey**
- **Demographics**
- **Utility condition and ownership**
- **Taxes & School Impact Aid**
- **Fire and Security Police**

…Basis for the Request for Proposal

Project Lifecycle

Request For Proposal Development

United States Department of the Air Force
MAJCOMname
Air Force Center for
Environmental Excellence
(AFCEE)

Privatization of Military Family Housing
BasenameAir Force Base

Solicitation No. Solicitationnumber

REQUEST FOR PROPOSAL

STEP ONE PROPOSALS ARE DUE NO LATER THAN 5:00 P.M. EST ProposalduedateTime

PSCNAME
PSCaddress
PSCcity
Voice:PSCphone Fax:PSCfax
Email:*PSCemail*
Web site:*PSCwebsite*

Generic Request for Proposal:

- **Streamlines Acquisition**
- **Standardized (grey) text**
- **Six sections and 28 Appendices**
  - **Section 1:** Executive Summary
  - **Section 2:** Existing Conditions
  - **Section 3:** Property Arrangements, Requirements, and Management
  - **Section 4:** Instructions to Offerors
  - **Section 5:** Basis of Selection
  - **Section 6:** Reference Sources and Points of Contact
  - **Appendices A through BB** (some may not be applicable)

…Minimum Requirements and Desired Features – a members view

Customer Perspective

- ***Military members view…***
  - **High quality with lots of amenities**
  - **Safe and secure environment**
  - **Larger houses/more bedrooms**
  - **Low density neighborhood**
  - **Well-planned community with recreation facilities**
  - **Seamless transition**
  - **Reliable property management and maintenance**
  - **Professional and effective relationship**
- ***…Hear leadership's viewpoint at the Industry Forum***

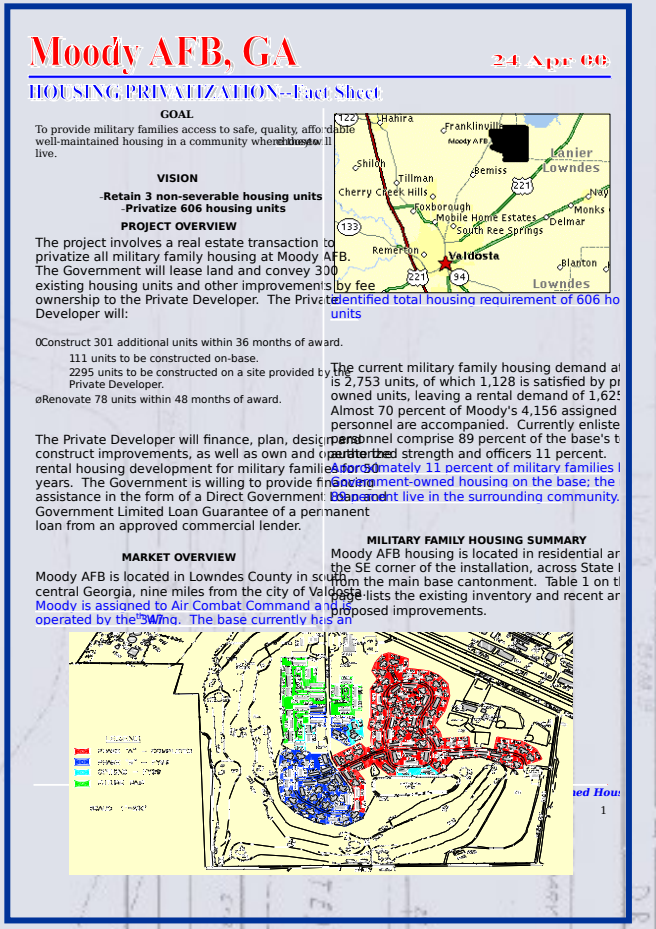
Industry Forum

An Industry Forum provides …

- **Detailed Project Information**
- **Site Visit to the Installation**
- **Statement of Need**
- **Networking Opportunities**
- **Q&A Panel Discussion**
- **Leadership and Community involvement**

…Fact Sheets provide an overview of projects

Project Lifecycle
Concept Development



Moody AFB, GA

24 Apr 06

HOUSING PRIVATIZATION--Fact Sheet

GOAL

To provide military families access to safe, quality, affordable well-maintained housing in a community where they want to live.

VISION

-Retain 3 non-severable housing units
-Privatize 606 housing units

PROJECT OVERVIEW

The project involves a real estate transaction to privatize all military family housing at Moody AFB. The Government will lease land and convey 300 existing housing units and other improvements by fee ownership to the Private Developer. The Private Developer will:

- Construct 301 additional units within 36 months of award.
  - 111 units to be constructed on-base.
  - 2295 units to be constructed on a site provided by the Private Developer.
- Renovate 78 units within 48 months of award.

The Private Developer will finance, plan, design and construct improvements, as well as own and operate the rental housing development for military families for 50 years. The Government is willing to provide financing assistance in the form of a Direct Government Loan and Government Limited Loan Guarantee of a permanent loan from an approved commercial lender.

MARKET OVERVIEW

Moody AFB is located in Lowndes County in south central Georgia, nine miles from the city of Valdosta. Moody is assigned to Air Combat Command a nd operated by the 347th Wg. The base currently has an identified total housing requirement of 606 ho units

The current military family housing demand al is 2,753 units, of which 1,128 is satisfied by pr owned units, leaving a rental demand of 1,625 Almost 70 percent of Moody's 4,156 assigned personnel are accompanied. Currently enliste personnel comprise 89 percent of the base's t authorized strength and officers 11 percent. Approximately 11 percent of military families l Government-owned housing on the base; the remainder live in the surrounding community.

MILITARY FAMILY HOUSING SUMMARY

Moody AFB housing is located in residential ar the SE corner of the installation, across State l from the main base cantonment. Table 1 on t page lists the existing inventory and recent ar proposed improvements.

Fact Sheet:

- **Designed to Provide Project Information to Developers as well as Senior Leadership**
- **Project Overview**
- **Market Overview**
- **Real Estate Data**
- **Rent Structure Priority Placement Plan**

www.afcee.brooks.af.mil/dc/dcp/news

…Provides advance preparation for upcoming solicitations

Solicitation and Evaluation Process

- **The goal is better housing for Air Force members within the Air Force budget and with minimal risk**

Questions?